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Middleton, Philip Harvey

Field for American automobiles and tractors...

[New York]

[1919]

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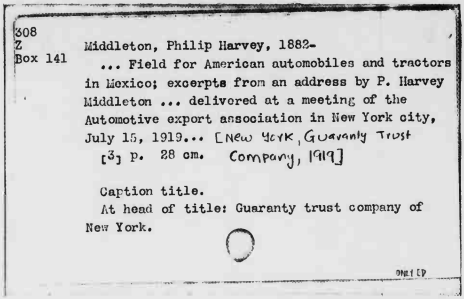

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... Field for American automobiles and tractors in Mexico; excerpts from an address by P. Harvey Middleton ... delivered at a meeting of the Automotive export association in New York city, July 15, 1919... [New York, Guaranty Trust [3] p. 28 cm. Company, 1919]

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Guaranty Trust Company of New York
140 Broadway, New York

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Field for American Automobiles and Tractors in Mexico

Excerpts from an address by P. Harvey Middleton, Assistant Manager of the Foreign Trade Bureau of the Guaranty Trust Company of New York, delivered at a meeting of the Automotive Export Association in New York City, July 15, 1919.

DURING the year 1918, 365 commercial automobiles, valued at $525,664, and 2,578 passenger automobiles, valued at $1,653,545, were exported from the United States to Mexico by American manufacturers. In November, 1917, there were in operation in Mexico City 2,165 automobiles, 1,329 of which were for private use and 836 for hire. Among the latter were 150 "jitneys" and 33 taxis. There were also 2,457 coaches or carriages in Mexico City, of which 900 were for private use and the remainder for hire.

There has been an especially heavy demand for popular priced touring cars and trucks—a demand which is traceable to the practical disappearance of Mexico's most popular beast of burden, the ox. During the revolution large numbers of oxen were destroyed by the rebels for their hides and this, together with the destruction of thousands of freight cars and the general run-down condition of Mexican railroads, has created a large and constantly growing market for automobiles. One American salesman sold 800 cars in Mexico in six months and during his travels through the country was keenly impressed with the demand for motor trucks throughout Mexico, both in the mining districts and for passenger service.

A type of car in great demand is the five-passenger touring car painted black, with leather upholstery and nickel trimmings. The type of motor preferred is six cylinder with selective clutch, gear box back of engine, full floating rear axle and twelve-inch suspension. The straight side-tire equipment with sixty-inch tread is preferred. In commercial vehicles the three-ton type with three to four speeds and rear wheel worm drive is given the preference. Big cooling capacity is essential, owing to the extreme heat in some parts of the country. There is a good demand for trailers and towing hooks.

Orders for American cars are usually placed on the basis of cash f. o. b. factory. Dealers usually require a commission of 20 per cent. on pleasure cars and 25 per cent. on commercial vehicles. Mexican consular invoices are necessary for shipment into that country, the Mexican consul obtaining 3 per cent. of the invoice price as his fee. Customs brokers charge $5 per car

for making entries and there is also a municipal or octroi tax of 1½ per cent. Correspondence should, of course, be in Spanish. There is no duty on catalogues and printed advertising matter. There are facilities in Mexico for handling storage batteries, and speedometers should register in kilometers.

Automobile importers in Mexico are doing business today under very trying conditions, among which may be mentioned the delay in obtaining goods, the heavy freight charges and the lack of banking facilities for financing their business. A number of automobile agents in Mexico have large showrooms in central locations, employ salesmen to travel the interior, and maintain large and well-equipped garages and repair shops.

It is probable that there will be a very material increase in the demand for automobiles in Tampico. Several of the most important American motor truck manufacturers are represented in that city and there is a slow but sure increase in the number of users of trucks. The light serviceable type is the most popular, but the oil companies are interested in trucks suitable for heavy and hard work. Practically all of the medium priced cars are to be seen on the streets of Tampico and on the nearby motor roads. The dealers handle all makes of tires and prices range from $24 for cheap tires to $118 for the best.

In Yucatan there are about 1,000 automobiles, the greater number of them in the city of Merida, which is often referred to as the spotless town of Mexico. Nearly all standard cars and tires are in use. Motor trucks have recently been put into use by the Mexican military organization in Chihuahua, where operations against Villa necessitate a considerable quantity of motor equipment. There are no exclusive dealers in automobiles or trucks in Chihuahua owing to its close proximity to El Paso, where most of the different manufacturers are represented and from which point that territory is usually controlled.

There is a growing market for American agricultural implements and machinery in Mexico and there are no import duties. The Mexican Department of Agriculture has recently purchased from American manufacturers 200 tractors, 1,000 gang-plows and 1,000 threshing machines. A large number of trucks suitable for agricultural purposes have also been secured. A traveling exhibition of agricultural machinery is being arranged by the Mexican Government. The extensive areas of level valley lands, in many of the Mexican states offer splendid opportunities for the use of modern machinery. The increase in the tomato crop this year has been sufficient to cause the growers to purchase a notable amount of American farming machinery and implements, and the coming year will probably bring a greater increase.

Automobiles sent by rail to Mexico City are consigned to a forwarding agent at the border, usually Laredo, Texas, who attends to all details connected with transfer across the Rio Grande (American railway cars do not cross the river), customs, etc. Freight rates from the Mexican side at Nuevo Laredo to Mexico City for automobiles boxed or crated are $67.65 in pesos in carload lots and $102.48 in pesos in less than carload lots per 1,000 kilos (equal to one ton). The value of the peso is 50 cents.

By water from New York to Vera Cruz the rate for automobiles boxed is 30 cents per cubic foot. The railroad rate from Vera Cruz to Mexico City is $38.40 in pesos per 1,000 kilos in carload lots, including handling charges. In less than carload lots a minimum is fixed for each car. If the actual weight of the car is 750 kilos or less it is charged for at a minimum weight of 2,000 kilos. If it is over 750 kilos, and does not exceed 1,750, the minimum weight charged is 3,000 kilos. Over 1,750 the minimum weight is 4,000 kilos, on the basis of the carload rate. In carload lots the minimum weight is 10,000 kilos.

Because of our geographical location, a large percentage of the foreign trade of Mexico will always be with this country, but we must be prepared for keen competition from Japan and from Germany. Japanese merchants are at the present moment making a determined effort to capture a good slice of Mexican trade in all lines. Japanese capitalists are investigating the iron ore deposits of Mexico, and I was told in Mexico City that once having secured the raw material the Japanese would establish factories for the manufacture of agricultural and mining machinery.

It may interest you to know that in 1918 a German-Mexican Society was formed in Munich to disseminate information about Mexico, to encourage the teaching of Spanish and to advocate the teaching of the German language and "kultur" in Mexican schools. In March, 1919, a similar society was formed in Bavaria. A combination of manufacturers has also been formed in Germany to facilitate the exchange of raw products and manufactured articles between Germany and Mexico.

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